The Republican Staff on the Ways and Means Committee put this fact sheet together, I feel it is quite enlightening, and wanted to share it with you. When Chairman Rangel introduced his long-awaited tax legislation yesterday morning, there were certain things he conveniently forgot to mention. Amo... **The Republican Staff on the Ways and Means Committee put this fact sheet together, I feel it is quite enlightening, and wanted to share it with you.**

When Chairman Rangel introduced his long-awaited tax legislation yesterday morning, there were certain things he conveniently forgot to mention. Among the things the Democratic Majority doesn't want you to know about the "Mother of All Tax Hikes":

1. **MARRIAGE PENALTY ON STEROIDS**: The bill imposes a surtax of 4% on single filers with incomes above $150,000 and $200,000 for married couples filing jointly. After years of fighting efforts to repeal the marriage penalty, the Majority is taking the battle to a new level by putting a massive new marriage penalty into the tax code.

2. KISS YOUR DEDUCTIONS GOODBYE: The surtax is imposed on adjusted gross income, not taxable income. That may sound like an arcane difference, but it is an important one. Now, when filling out your tax return, you add up your income to get your adjusted gross income and then subtract deductions for things like charitable contributions, mortgage interest, state and local taxes, medical expenses, un-reimbursed business expenses, or your standard deduction. But the surtax is applied to the AGI before you take deductions. So it has the effect of taxing people on items that they can ordinarily deduct.

3. MAKING THE U.S. A LEADER IN HIGH TAXES: Combined with the implicit sunset of the lower personal marginal tax rates after 2010, the Democrats' plan would have the effect of raising the top personal federal marginal income tax rate to more than 44%. The other 29 OECD countries – essentially other developed nations - have an average personal top marginal tax rate of 35.7%. In fact, only five OECD countries would have higher top marginal tax rates in 2011 than the U.S. if the Rangel bill is enacted.

4. SMALL BUSINESS TRIPLE-WHAMMY: Millions of Americans who own small businesses and who pay taxes on that income on their individual tax returns are going to face a triple-whammy. First, they will be hit with the 4% surtax on some of their income. Second, many of them will lose the Section 199 manufacturing deduction that lowers taxes on their business income. And third, this is happening at the same time as incorporated businesses get an across-the-board rate cut, making it even tougher for these small business engines of job-creation to compete.

5. FUZZY MATH: A summary of the Chairman's bill indicates it repeals the AMT but includes a provision called “Limitation of Benefits” to keep high income individuals from benefiting too much from repeal. But the Limitation of Benefits RAISES $36 billion more than it would “cost” to repeal the AMT. So even the alleged tax cut is by any definition a tax hike.

6. IF A TREE FALLS IN A FOREST…. Like the famous Zen question, “what is the sound of one hand clapping?” the Chairman’s bill forces us to ponder how to give tax cuts to people who don’t pay taxes. The answer is to have other hard-working Americans pay more taxes so the government can write a bigger check to folks who have no income tax liability. The Chairman’s bill would spend close to $40 billion over the next decade in various forms of “tax cuts” for (e.g., payments from IRS to) people who don’t pay income taxes.

7. TAXING PHANTOM INCOME: The bill would require businesses of all sizes and sectors to discontinue the use of an accounting regime for their inventory known as LIFO (Last-in-First-Out). They would have eight years to pay the taxes resulting from the forced revaluation of their inventory, even though they would have had no economic income. The income might be phantom, but the $106 billion in taxes that will be paid and the associated impacts on businesses certainly won’t be.

8. CAPITAL LOSSES: Current law provides a top tax rate on long-term capital gains of 15%. The surtax, because it is applied to Adjusted Gross Income, has the effect of raising the tax rate on long-term gains by another 4% or more for millions of Americans. This assault on the jobs and growth-producing 2003 tax cut presages what lies ahead as we approach the sunset of the Bush tax cuts.

9. GETTING A HEAD START ON A RUN IN THE WRONG DIRECTION: In 2003, Congress lowered the top tax rate on dividends to 15%. All signals suggest that the Democrats want to let those lower rates expire at the end of 2010, sending the top tax rate on dividends back to the top marginal tax rate, which will be 39.6%. As a helpful head start, the Chairman’s bill subjects dividends to the surtax, so taxpayers can begin to get accustomed to seeing more of their retirement savings eroded by taxes, setting the stage for the leap to 44% or more after 2010.

10. THE WRONG CHOICE FOR AMERICAN COMPETITIVENESS: The Democrats claim this bill is responsive to Treasury Secretary Paulson’s efforts to advance U.S. competitiveness. But the Secretary never embraced a proposal to delay the ability of businesses to take deductions for legitimate business expenses. Despite the Majority’s rhetoric to the contrary, this bill will make it much harder for American companies to compete abroad.